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HOUSE BILL 238

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

INTRODUCED BY

Keith J. Gardner

AN ACT

RELATING TO HEALTH CARE; CREATING THE MEDICAID INVESTS IN HEALTH DEMONSTRATION PROJECT; ESTABLISHING HEALTH OPPORTUNITY ACCOUNTS WITH CATASTROPHIC COVERAGE AND USE OF PRINCIPLE FOR HEALTH SERVICES, INSURANCE OR EDUCATION; REQUIRING THE HUMAN SERVICES DEPARTMENT TO SUBMIT A STATE MEDICAID PLAN AMENDMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Public Assistance Act is enacted to read:

"[NEW MATERIAL] MEDICAID INVESTS IN HEALTH DEMONSTRATION PROJECT CREATED--PROGRAM FEATURES--HEALTH INSURANCE COVERAGE--HEALTH OPPORTUNITY ACCOUNTS.--

A. The "medicaid invests in health demonstration project" is created as a program of the department. The demonstration project shall have the following features:

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1 (1) as department funding permits, the
2 department shall allow medicaid recipients the opportunity to
3 enroll in the medicaid invests in health demonstration project,
4 except for the following categories of recipients:

5 (a) individuals who are aged sixty-five
6 and older;

7 (b) individuals who are blind or
8 disabled;

9 (c) pregnant women;

10 (d) individuals who have been eligible
11 for medical assistance for less than three months;

12 (e) individuals residing in health
13 facilities;

14 (f) individuals entitled to any part of
15 medicare;

16 (g) individuals who are terminally ill
17 and are receiving hospice benefits;

18 (h) individuals whom the department
19 finds are medically frail or have special medical needs; or

20 (i) children receiving medical
21 assistance because they are in foster care or because their
22 households are receiving adoption assistance; and

23 (2) the department shall provide to enrollees:

24 (a) a qualified higher deductible health
25 plan, as defined in the Medical Care Savings Account Act;

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1 provided that the deductible be at least one hundred percent,
2 but no more than one hundred ten percent, of the annualized
3 amount of contributions to the health opportunity account as
4 provided in Subparagraph (c) of this paragraph;

5 (b) exclusions from the deductible of
6 the higher deductible health plan for services that the
7 department deems to be preventive or an emergency;

8 (c) a health opportunity account, in
9 which funds consist exclusively of those deposited by the
10 department; the department shall use combined federal and state
11 funds to deposit up to two thousand five hundred dollars
12 (\$2,500) for a person over the age of nineteen and one thousand
13 dollars (\$1,000) for a person under the age of nineteen;

14 (d) a system using electronic technology
15 to reimburse providers for services provided to medicaid
16 invests in health demonstration project enrollees;

17 (e) an account administrator to
18 administer health opportunity accounts;

19 (f) incentives for enrollees to seek
20 preventive care services;

21 (g) education regarding the high cost of
22 health care;

23 (h) programs to reduce the inappropriate
24 use of health care services by enrollees;

25 (i) enrollment counselors and ongoing

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1 educational activities; and

2 (j) negotiated provider payment rates,
3 including arrangements with medicaid managed care organizations
4 for services to enrollees.

5 B. Funds in an individual's health opportunity
6 account shall be used to pay the individual's deductible for
7 health care services under the individual's higher deductible
8 health insurance plan.

9 C. Enrollment in the medicaid invests in health
10 demonstration project shall last for a period of twelve months
11 during the initial demonstration project. If the medicaid
12 invests in health demonstration project continues after its
13 first year of implementation, individuals may reenroll in the
14 project as department funds permit. Any funds remaining in an
15 individual's health opportunity account when the individual
16 reenrolls shall remain in the health opportunity account.

17 D. Principle contributed to and interest earned on
18 a health opportunity account and money paid for eligible
19 medical expenses are exempt from taxation under the Income Tax
20 Act.

21 E. Amounts in or contributed to health opportunity
22 accounts shall not be counted as income or assets for purposes
23 of determining eligibility for public assistance pursuant to
24 the Public Assistance Act.

25 F. Funds that remain in an individual's health

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1 opportunity account after three years from the date the
2 individual has effectively disenrolled from the medicaid
3 invests in health demonstration project or has become
4 ineligible for medicaid, as well as any income that accrues
5 from a health opportunity account, shall be reinvested into the
6 medicaid invests in health demonstration project or, in the
7 event that the project has ended, shall:

8 (1) revert to the department to pay the
9 expenses that it incurred pursuant to the medicaid invests in
10 health demonstration project; or

11 (2) revert to the general fund and to the
12 federal government in the same proportion that each contributed
13 to the account.

14 G. The department shall appoint an account
15 administrator to administer enrollees' health opportunity
16 accounts. The department shall pay any reasonable compensation
17 to the account administrator to administer the health
18 opportunity accounts, and the department shall not require a
19 recipient to contribute to the account administrator's
20 compensation while a recipient participates in the program.

21 H. When an account holder of a health opportunity
22 account disenrolls or becomes ineligible for medicaid, no
23 additional contributions shall be made to the individual's
24 health opportunity account pursuant to Subsection A of this
25 section and twenty-five percent of the principle shall revert

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1 to the department for disposition pursuant to Subsection J of
2 this section. Seventy-five percent of the principle remaining
3 in the health opportunity account shall remain available to the
4 account holder for three years after the date on which the
5 individual does not reenroll or becomes ineligible for medicaid
6 for the following purposes:

7 (1) an individual who disenrolls or becomes
8 ineligible for medicaid, who has had a health opportunity
9 account for less than one year and has a remaining balance in
10 the individual's health opportunity account may use the balance
11 to cover the cost of health care expenses that the department
12 deems qualified pursuant to federal and state law or to
13 purchase private health insurance; and

14 (2) an individual who disenrolls or becomes
15 ineligible for medicaid, who has had a health opportunity
16 account for more than one year before disenrolling or becoming
17 ineligible for medicaid, may use the funds in the following
18 ways:

19 (a) to cover health care expenses the
20 department deems qualified pursuant to federal and state law;

21 (b) for tuition at a state public
22 post-secondary educational institution; or

23 (c) for the cost of enrolling in job
24 training programs that the department, the workforce solutions
25 department or the higher education department funds or operates.

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1 I. The department shall establish procedures to
2 penalize or remove an individual from a health opportunity account
3 for withdrawals that the department deems to be unqualified
4 withdrawals and to recoup costs that derive from unqualified
5 withdrawals from health opportunity accounts.

6 J. The department shall promulgate rules regarding the
7 disposition of any income pursuant to Subsection F of this
8 section; funds that revert to the department pursuant to
9 Subsection H of this section; or funds that remain in health
10 opportunity accounts for three years after the date an individual
11 was last enrolled in the medicaid invests in health demonstration
12 project.

13 K. An individual who is eligible for medicaid who, for
14 any reason, is disenrolled from the medicaid invests in health
15 demonstration project shall be ineligible to reenroll in the
16 project before the end of the one-year period that begins on the
17 effective date of the individual's disenrollment."

18 Section 2. A new section of the Public Assistance Act is
19 enacted to read:

20 "[NEW MATERIAL] APPLICATION FOR MEDICAID STATE PLAN
21 AMENDMENT--RULEMAKING.--The department shall submit a state plan
22 amendment to the United States department of health and human
23 services' centers for medicare and medicaid services and
24 promulgate rules necessary to implement the medicaid invests in
25 health demonstration project. The medicaid invests in health

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1 demonstration project shall be implemented pursuant to federal law
2 and rules regarding health opportunity accounts pursuant to the
3 federal Deficit Reduction Act of 2005."

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